

**OFFICE OF AUDITS
MEMORANDUM REPORT 97-CI-009
DIVERSITY VISA PROGRAM
MARCH 1997**

In Fiscal Year 1995, the Immigration and Naturalization Act (INA), section 203 (c), established a permanent lottery program referred to as the diversity visa (DV) program. The DV program allows for 55,000 visas to be issued annually to persons from low admission regions and foreign states around the world. The principal objective of the program is to provide special opportunities for persons from countries underrepresented in numbers of immigrants to the United States. Because the usual immigration restrictions of a familial relationship or employment in the United States are not a part of the lottery program, the DV program provides persons who have no family or employment ties to the United States an opportunity to immigrate.

The principal objectives of the review were to (1) examine the Department's implementation of the program, (2) evaluate the program's eligibility criteria, and (3) determine if the intent of the program is being met. To further these objectives, the Office of Inspector General (OIG) sent a questionnaire to all posts participating in the DV program, soliciting information on the program's implementation. CA, at OIG's request, also solicited comments from all applicable posts regarding the prevalence of fraud in the DV program. In addition, the OIG reviewed the processing of DVs at the National Visa Center (NVC) in Portsmouth, New Hampshire. We performed this audit as part of our review of the Immigrant Visa process.

Overall, the OIG found that the Department has met the intent of the program by issuing the 55,000 visas to persons from countries that have had low rates of immigration to the United States. However, the OIG found fraud is prevalent, the eligibility criteria is difficult to verify and apply, and no new funding was provided to CA to implement the program. The Department recently requested and received authority from Congress to charge and retain a fee that would be levied upon the DV lottery winners to defray the processing costs. The OIG recommends that, in addition to processing DVs, these funds be used to support DV fraud prevention programs.

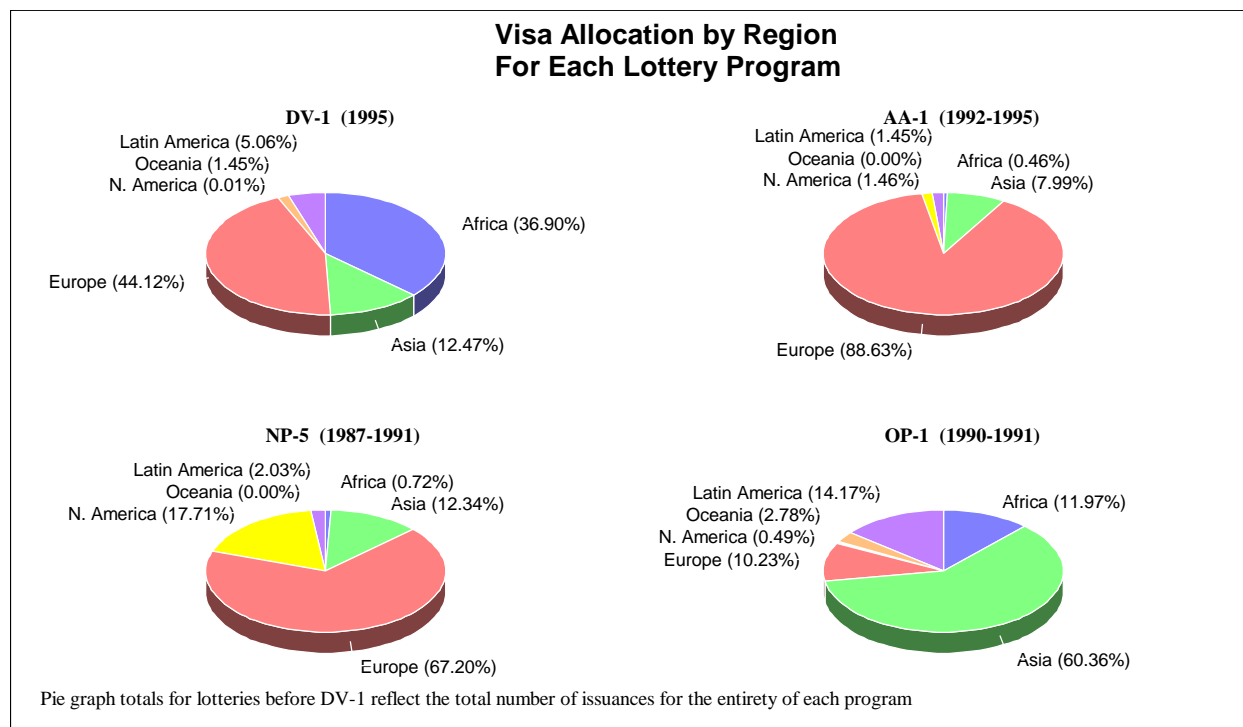
Specifically, fraud is prevalent in the DV program because of the global interest in immigrating to the United States, and the ease with which applicants can purchase fraudulent documents that make it look like the applicants qualify for the program. It is difficult for consular

officers to determine with certainty the eligibility of the applicants because of the prevalence of fraudulent documents. Even with the fraud issue aside, applying the DV program's criteria of a high school education or 2 years of work experience is often difficult because the educational systems and work experiences in other countries are very different from those in the United States. Given the difficulties in adjudicating DVs and the additional workload it has created for posts, the OIG supports the Department's recently granted authority to charge and retain a fee that would be levied upon the DV lottery winners. The OIG believes the fee should be used to support DV fraud prevention programs as well as defray processing costs.

BACKGROUND

Legal restrictions on the number of immigrants allowed to enter the United States was thought by the Congress to have been a disadvantage to different nationalities in the past. Each time this perception surfaced, a change was made to the immigration laws in an attempt to facilitate immigration from disadvantaged countries. Numerical restrictions on immigrants to the United States were first imposed in the 1920s when eastern hemisphere immigration was numerically restricted. Subsequently, restrictions were placed on those emigrating from the western hemisphere while the restrictions were lifted from the nationalities of the eastern hemisphere. Eventually, it was recognized that these restrictions were leading to an imbalance because of increased immigration from eastern hemisphere countries and decreased immigration from western hemisphere countries, leading the way for institution of the lottery programs to create diversity in the immigration to the United States.

By 1986, European immigration to the United States was steadily decreasing while immigration from Asian and Latin American countries was significantly increasing. Legislation was passed in 1986 and included in the INA to reverse this trend by diversifying immigration to the United States. A series of lottery programs were implemented from 1987 until the present to correct the inequities in the immigration trends of the past. Prior lottery programs included the non-preference lottery program (NP-5), the underrepresented country lottery program (OP-1), the adversely advantaged lottery program (AA), and the 1995 diversity visa lottery program.



Diversity Visa Lottery Programs

The DV program, initiated in 1995, was the first program whereby most of the processing was performed in the United States instead of at the posts overseas, relieving the posts of a number of clerical duties. The work is performed at the NVC in Portsmouth, New Hampshire. The NVC staff receives the registrations, selects and notifies the winners, receives the winner's documents and applications, enters this information into a computer, performs name checks, and sets up appointments. Traditionally all these duties, with the exception of selecting and notifying the winners, were performed at the posts overseas. Currently, officers at posts interview and screen the applicants, make the final visa issuance decision, and if appropriate issue the visa. The Bureau of Consular Affairs provides information to the public on the DV program. A flow chart of the process is included as appendix A to the report.

The DV program differs from the prior lottery programs in that it is a permanent part of the law not having to be mandated each year and only places limits on participation depending on previous admission trends. Generally, the formula for apportioning the DVs was designed to maintain diversity among immigrants by accounting for changes in the nationalities of immigrants being admitted to the United States over time. The diversity of immigrants is maintained by apportioning the visas based on the total immigrant admissions of the most recent 5 years for which information is available. The Immigration and Naturalization Service (INS) is responsible for collecting data on total immigrant admissions for the most recent 5 years and then using this data to apportion the DVs to six geographic regions of the world and to individual foreign states.

Data is collected on the total immigrant admissions receiving visas through the regular issuance process, which is based on family-sponsored, employment-based, and immediate relative preferences. The criteria INS uses to determine how many visas can be allocated is prescribed in the law and generally states that all regions whose admissions are greater than one-sixth of the total admissions to the United States be considered high admission regions. Regions classified as high admission are allocated fewer DVs as described in the next paragraph. In addition, foreign states with admissions greater than 50,000 are classified as high admission foreign states and are excluded from participating in the program. Twelve countries were excluded from participating in the DV programs of 1995, 1996, and 1997 because they were considered high admission foreign states. The law further places a limit of 3,850 DVs that can be issued to any country participating in the program.

Specifically, for the DV program of 1995, two regions were found to be high-admission regions: Asia and Latin America. INS determined that 82.9 percent of immigrants in the previous 5 years (1988-1992) had come from Asia and Latin America. Therefore, by law, 82.9 percent of the 55,000 DVs (or 45,595) were apportioned to the low admission regions of Africa, Europe, North America, and Oceania, collectively. The 45,595 visas were divided among countries within the four low admission regions based on the INS apportionment formula using population as a factor (population estimates are collected from the U.S. Bureau of the Census Center for International Research). The remaining 9,405 visas were allocated to the two high-admission regions using a population-based formula to apportion the visas to countries within the regions.

There were 55,000 visas issued in the first year of the DV program (DV-95). The Department issued 42,720 visas at 114 overseas posts. The remaining 12,280 were issued at 67 of the INS U.S. district offices, as an adjustment of status. Most of the visa recipients in DV-95 were: Polish, Ethiopians, Nigerians, Egyptians, and Russians. Department visa allocations and issuances by region were as follows:

	<u>Visa Allocation</u>	<u>Visa Issuances</u>
Africa -	20,200	20,314
Asia -	6,837	6,865
Europe -	24,549	24,289
North America -	8	6
Oceanic -	817	741
South America -	2,589	2,785

The FY 1995 and FY 1996 programs have been completed, and the 1997 program is in progress.

PROGRAM CRITERIA

As a minimum qualification for the program, the applicant must meet one of two requirements: (1) he/she must have a high school education or its equivalent, or (2) he/she must possess 2 years of work experience in an occupation that requires at least 2 years of training or work experience. The DV program's criteria was developed by congressional drafters of the legislation in an attempt to find a middle ground between supporters of a stringent criteria that would only allow persons with high level skills to immigrate under the program and others that preferred not to have any basic requirements in order to broaden the population of persons eligible for the program. The resulting criteria requires a minimal level of skills and education.

High School Education

The Department's interpretation of a high school education, as listed in the Foreign Affairs Manual (FAM), is the successful completion of either a 12-year course of elementary and secondary study in the United States or the formal course of elementary and secondary education comparable to completion of 12 years of elementary and secondary study in the United States. Only formal courses of study apply as qualifications for the program, equivalency certificates are not acceptable. In order to prove the existence of a formal high school education or its equivalent, the applicants are required to present certificates of completion, school transcripts, or other documents issued by entities that hold educational responsibilities.

Consular officers are responsible for determining whether an applicant's education is equivalent to a high school education in the United States. Guidance in the FAM refers the consular officers to the post educational affairs officers or the local ministry of education officials. For the adjudication of the third country nationals, officers are asked to seek guidance from the post of origin or from the Department. The only additional guidance provided by the Department, issued at the completion of the first diversity program, was a cable stipulating that an education would only be comparable to a U.S. high school education if it would allow the applicant to be considered for admission to a college or other institution of higher education. The consular officers have no way of determining if the applicant's high school education would qualify the applicant for admission to a U.S. college. The officers have no other guidance to aid them in determining whether another country's education is comparable to the high school education of the United States.

In cables received by the Department from posts issuing DVs, many officers expressed frustration with trying to determine the validity of the educational qualifications of the DV applicants and with distinguishing an authentic diploma from a counterfeit one. Seventy-two percent of the officers who responded to an OIG questionnaire stated that they relied heavily on the Foreign Service Nationals (FSNs) to provide assistance to determine the validity of the stated documents presented to support a high school education or its equivalent. However, even with the help of the FSNs the process is very subjective, providing little assurance the DV recipients meet educational requirements.

The consular officers are placed in the position of determining whether the education received by the applicants in countries around the world is comparable to a high school education received in the United States. Adjudication of these cases is further exacerbated because the officers are also responsible for identifying whether the applicants have submitted fraudulent documents claiming to have the required education.

Work Experience

To qualify under the work experience criteria, applicants need to have at least 2 years of work experience in an occupation that requires 2 or more years of training or experience to achieve competency in the profession. According to the FAM, the Dictionary of Occupational Titles, published by the Employment and Training Administration of the Department of Labor, is to be used as the principal document in determining whether an applicant's work experience qualifies them for the DV program. In accordance with the Dictionary of Occupational Titles the 2 years of training requirement applies to the amount of time needed by a typical worker to learn the techniques, acquire the information, and develop the facility needed for average performance in a specific job.

In determining the validity of the applicant's work experience, consular officers most often contact the applicant's employer or consult with the Department of Labor. Four posts reported difficulty authenticating work experience because documents were frequently falsified. Seventeen posts reported that because of the difficulty in determining work experience eligibility they spent an exorbitant amount of time interviewing the applicants in an attempt to determine the skill level of the jobs performed and the amount of training required for the profession. In some cases, applicants who were unqualified for the program reportedly abandoned their applications after being subjected to indepth interviews or tests. Another post responded that it accepted the documents provided by the applicants showing their work experience at face value, pursuant to instructions issued by CA. Guidance provided by the Department states that the DV program is a visa issuance program; therefore, the officers were to take a liberal stand on accepting as valid the documents presented by the applicants.

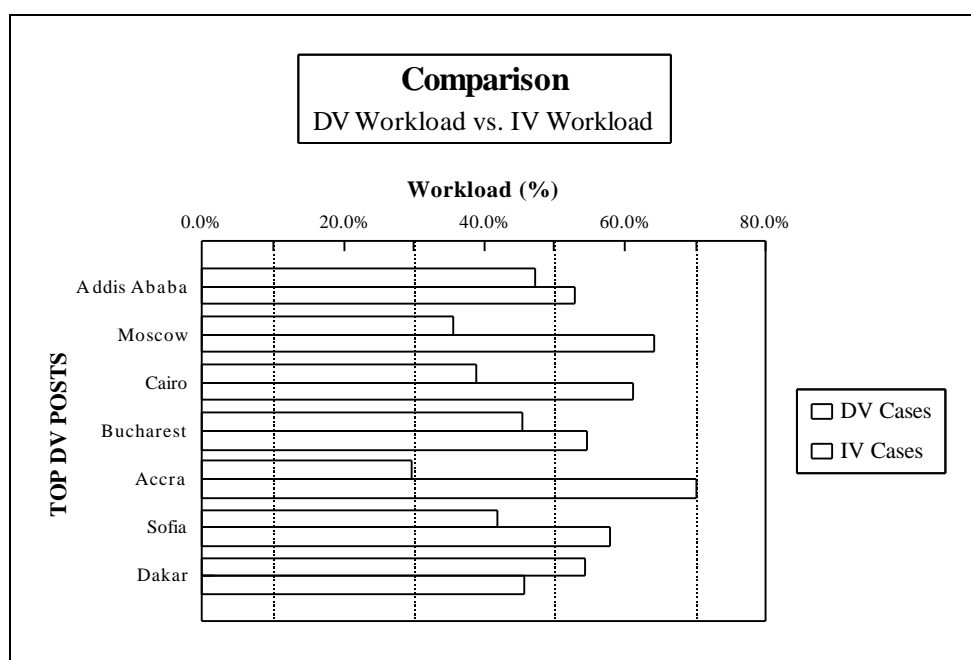
DEPARTMENT PROCESSING AND COSTS

The Department's cost of implementation and operation of the DV program in its first year was approximately \$3.1 million. The program costs included \$1.9 million in contractor fees, \$650,000 for additional Department staffing, \$250,000 for hardware, and \$278,000 for software. Future annual program costs are not expected to be as high and are estimated to be about \$1.8 million annually. Additional funds were not provided for CA to implement the program; therefore, CA used its own funds to implement and operate the program.

Staffing

A major component of the costs incurred by CA for implementing the DV program is the additional staffing needed at posts to either adjudicate or assist with the processing of the DV cases. In FY 1995, \$646,000 was spent on officer-level post support, Personnel Service Contracts, and miscellaneous equipment.

Specifically, retired consular officers were sent to six different overseas posts to assist with the adjudication of the DV cases and 42 personal service contractors (PSC) were hired to help with the processing of the cases at a cost of \$363,510 and \$135,650, respectively. The DV program had the greatest effect on posts that generally had the smallest immigrant visa (IV) workloads and hence had the fewest resources available to handle the processing of the DV cases. In fact, the DV cases increased posts' immigrant visa workload by 30 to 55 percent as illustrated by the following graph.



The Department recently requested and received authority from Congress to charge and retain a fee that would be levied upon the DV lottery winners to defray the processing costs. Collecting the fee from the lottery winners will take place at post on the day of the interview. This would circumvent the need for establishing other collection functions since posts already collect other visa fees. The fee will be calculated to fully fund the program by dividing the most recent year's program costs by the number of visa recipients.

PROGRAM FRAUD

The DV program is vulnerable to fraud, according to Department officials, because applicants can easily obtain documents that make it look like they qualify for the program. This vulnerability is significant because of the global interest in immigrating to the United States and the relative ease with which one could register for the program without a U.S. based familial or employer relationship. Adding to this vulnerability is the fact that fraud is prevalent in many countries participating in the DV program. Twenty-four percent of the posts that qualified for the DV program have fraud ratings ranging from medium to high. Officers adjudicating the DV cases reported seeing counterfeit documents, sham marriages, and impersonations of the actual winners. The amount of fraud associated with the program was so high that a Department official was quoted as saying that the visa lottery program is a "visa giveaway" program.

In order to determine whether applicants are eligible for the DVs, consular officers rely on the applicants to provide the documentation required. In response to an OIG questionnaire, 18 of the 114 posts reported that the documents provided during the adjudication of the visa cases contain fraudulent information. Some applicants obtain authentic government documents containing false representations, while other applicants simply purchase counterfeit documents from document brokers.

Officers in some cases can easily detect fraud. For example, officers reported being provided with documents that were dated subsequent to the winner notification date. Also, the post in Addis Ababa identified a number of marriages that took place shortly after single diversity winners were notified of their chances to obtain a visa. There were other cases where the counterfeit documents contained spelling errors or other blatant mistakes. While there may be instances where the identification of counterfeit documents by consular officers is relatively simple, the fact remains that because the applicants can easily create false identities by purchasing fraudulent documents, it is difficult for the officers to determine with certainty the eligibility of the applicants. For example, one post reported identifying 284 counterfeit high school certificates from applicants who did not meet the requirements. A document broker was arrested in another country and was found with 2,600 blank passports and a dozen blank high school transcripts. Other examples of fraud include packets that have been stolen after being mailed to lottery winners, submission of multiple entries, entries submitted by other relatives, and the sale of winning entries.

In addition to the fraud identified at posts, the staff of the NVC has been instrumental in detecting 22 impersonation cases where the subjects submitted applications and documents using numbers of legitimate winners. The numbers used belonged to an assortment of winners from Poland, Albania, Sweden, and other countries. In addition, applications and documents for 10 other cases were received by the NVC from persons using numbers that had not been assigned. These cases are being jointly investigated by Polish police officials and Diplomatic Security.

So long as the desire to immigrate to the United States remains high, applicants who are otherwise unqualified will continue to obtain counterfeit and fraudulent documents in the hope of obtaining a visa. Current changes in the DV program, such as including a photograph of the applicant in the package, will help to curb some fraudulent activity but will not hinder attempts at fraud in these cases where the applicant obtains false documents. Currently, fraud prevention program initiatives are limited because of diminishing staffing. Fraud prevention measures such as identifying, documenting, and tracking DV fraud are assigned to a consular officer or FSN, but because of diminishing staff resources fraud prevention measures are limited. Visa fraud prevention is usually the first function reduced when staffing is cut in the consular section because other workloads such as visa processing and issuance remain constant and must be addressed. The OIG believes some of the funds the Department receives from the DV fee should be designated by the Department to expand the fraud prevention program in the DV area.

Recommendation 1: We recommend the Department designate a portion of the diversity visa fees to be used to augment funding the visa fraud prevention program, including staffing costs at all diversity visa processing posts.

In response to this recommendation, CA stated that it is formulating a proposal to survey and assess fraud at a representative number of DV posts. The objective of the survey will be to ascertain: (1) the likely impact on issuances and refusals of a field investigation, and (2) what percentage of a DV fee that should be devoted to fraud work.

DIVERSITY VISA COMPUTER SYSTEM

The Bureau of Consular Affairs' Computer Systems Division (CA/EX/CSD) spent approximately \$528,000 for the IV/DV computer system--software development and modifications cost \$278,000 and the purchase of hardware and laser printers was \$250,000. The IV/DV computer system was developed to provide posts with the necessary tools to process, track, and issue immigrant visas for the DV program. The system was designed to maintain accountability of the visa allocations, issuance and denial statistics, maintain the biographic information on each applicant, perform name checks, and print the visas. CA/EX/CSD hired a contractor to produce a user-friendly software application in a Windows-based environment. CA/EX/CSD distributed systems with pre-installed software to 44 selected DV issuing posts and software only to 17 posts.

Nearly all of the posts that received the software experienced problems using it. Because of problems with the software, only 46 percent of the posts that received the system used it to process the DV applicants, while the other 54 percent chose to manually process their DVs. Due to the short timeframe between the granting of the contract and the time the system was needed at post, the contractor was not able to perform a field test of the software, an essential element of any final software product. Because of a lack of testing, many of the program's glitches were not discovered until the system was already in use at the posts overseas. However, with feedback from posts and CA/EX/CSD, the contractor is making gradual improvements to the IV/DV software program. Since the first distribution of the IV/DV software in December 1994, there have been three software upgrades to the system.

In addition to software problems, 71 percent of the posts that responded to the OIG questionnaire reported that the manuals for the system were difficult to understand. One post stated that the manuals were not written at a level for users with limited computer knowledge. In addition, the posts reported experiencing difficulties obtaining assistance through CA/EX/CSD's support desk in Washington, D.C., which was established to help posts with consular systems. Sixty-three percent of the posts said that, when contacted for assistance, the support desk was unable to solve many of the system's problems. For example, one post said that "the support desk personnel were always available when they called . . . but they were not familiar with the program and almost always were unable to answer a question on the spot. They often did not get back to us with an answer." The OIG believes that CA/EX/CSD should consider the problems and concerns of the overseas posts and provide the system users with the manuals and technical assistance required for them to use the IV/DV system.

Recommendation 2: We recommend that the Bureau of Consular Affairs' Computer Systems Division provide diversity visa system users with appropriate manuals and technical assistance.

CA/EX/CSD is testing a new version of the DV system in Montreal that, according to CA, corrects a number of the program problems noted by posts. CA plans to have this new software version available for all posts early in 1997. Instead of rewriting the complete user manual, CA will write a new appendix to cover the changes made to the software. CA further stated that the CA Support Desk has recently been able to quickly and consistently answer inquiries about the DV system. With the introduction of the Modernized Immigrant Visa System in 2 or 3 years, which can process all types of immigrant visas, the DV system will no longer be needed.

Appendices:

A - Diversity Visa Processing Flow Chart

B - Bureau of Consular Affairs Comments on Draft Report